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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1992
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 000-18908

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In Focus Systems, Inc.
(Exact name of registrant as specified in its charter)

Oregon	93-093212
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7770 SW Mohawk Street, Tualatin, Oregon	97062
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 503-692-4968

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock without par value	7,837,037
(Class)	(Outstanding at April 27, 1992)

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IN FOCUS SYSTEMS, INC.
FORM 10-Q
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IN FOCUS SYSTEMS, INC.
CONSOLIDATED BALANCE SHEETS

	March 31, 1992 (Unaudited)	December 31,1991
Assets		
Current assets:		
Cash and cash equivalents	$ 4,259,330	$15,145,262
Investments	16,910,532	7,645,365
Accounts receivable, net	9,127,199	8,696,142
Inventories, net	8,919,996	5,963,334
Other current assets	1,129,290	1,310,757
Total current assets	40,346,347	38,760,860
Property and equipment, net	2,310,636	2,263,799
Other assets	317,541	297,879
	$42,974,524	$41,322,538
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of capital lease obligations	$ 395,444	$ 373,499
Income taxes payable	4,014	320,744
Accounts payable	6,595,394	5,229,068
Payroll and related benefits payable	486,389	368,814
Other current liabilities	696,994	1,181,908
Total current liabilities	8,178,235	7,474,033
Capital lease obligations	366,462	407,279
Shareholders' equity:		
Common stock, 30,000,000 shares authorized; shares issued and outstanding: 7,786,640 (1992) and 7,700,488 (1991)	24,656,944	24,533,429
Additional paid-in capital	779,957	544,957
Retained earnings	8,992,926	8,362,840
	34,429,827	33,441,226
	$42,974,524	$41,322,538

The accompanying notes are an integral part of these statements.

IN FOCUS SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended March 31,	
	1992	1991
	(Unaudited)	
Revenue	$12,605,536	$13,041,031
Cost of sales	8,030,510	6,950,951
Gross profit	4,575,026	6,090,080
Operating expenses:		
Marketing and sales	2,276,209	1,726,993
Engineering	1,025,686	711,725
General and administrative	728,767	772,838
	4,030,662	3,211,556
Income from operations	544,364	2,878,524
Other income (expense):		
Interest expense	(24,983)	(24,376)
Interest income	281,742	371,685
Other expense, net	39,963	(47,996)
	296,722	299,313
Income before provision for income taxes	841,086	3,177,837
Provision for income taxes	211,000	1,067,500
Net income	$ 630,086	$ 2,110,337
Net income per share	$.07	$.23
Shares used in per share calculations	8,932,109	8,983,722

The accompanying notes are an integral part of these statements.

IN FOCUS SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three months ended March 31,	
	1992	1991
Cash flows from operating activities:		
Net income	$ 630,086	$ 2,110,337
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	218,162	98,126
(Gain) Loss on sale of equipment		119
(Increase) decrease in:		
Accounts receivable, net	(431,057)	(746,246)
Inventories, net	(2,956,662)	(710,913)
Other current assets	181,467	(197,315)
Increase (decrease) in:		
Income taxes payable	(316,730)	732,759
Accounts payable	1,366,326	(1,683,532)
Payroll and related benefits payable	117,575	127,311
Other current liabilities	(484,914)	118,807
Net cash used in operating activities	(1,675,747)	(150,547)
Cash flows from investing activities:		
Purchase of investments	(13,165,167)	—
Sale of investments	3,900,000	—
Payments for purchase of property and equipment	(264,999)	(324,204)
Other assets	(19,662)	33,066
Net cash used in investing activities	(9,549,828)	(291,138)
Cash flows from financing activities:		
Proceeds from sale of common stock	123,515	1,763,227
Income tax benefit of disqualifying dispositions	235,000	—
Payments of common stock issuance costs	—	(112,656)
Proceeds from issuance of long-term debt	79,031	199,241
Repayment of long-term debt (shareholders and officers)	—	(117,745)
Repayment of long-term debt	(97,903)	(55,197)
Due from shareholders and officers	—	257,000
Net cash provided by financing activities	339,643	1,933,870
Increase (decrease) in cash and cash equivalents	(10,885,932)	1,492,185
Cash and cash equivalents:		
Beginning of period	15,145,262	19,545,317
End of period	$ 4,259,330	$ 21,037,502

The accompanying notes are an integral part of these statements.

IN FOCUS SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1: Basis of Presentation

The financial information included herein for the three-month periods ended March 31, 1992 and 1991 is unaudited; however, such information reflects all adjustments consisting only of normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of results for the interim periods. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's latest annual report to shareholders.

The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

Note 2: Inventories

Inventories are valued at the lower of cost, determined on the first-in, first-out method, or market, and include materials, labor and manufacturing overhead.

	March 31, 1992	December 31, 1991
Raw materials and components	$5,929,175	$4,064,956
Work-in-process	901,031	1,020,489
Finished goods	2,089,790	877,889
	$8,919,996	$5,963,334

Note 3: Contingencies

In March 1992 the Company entered into a settlement agreement with Computer Accessories Corporation (now called Proxima Corporation) resolving all claims, counter claims and defenses arising from the patent infringement suit the Company filed in May 1990. As a result, the reserve of $400,000 for potential legal expenses associated with this matter was reversed and, accordingly, reduced reported general and administrative expenses in the first quarter of 1992.

IN FOCUS SYSTEMS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Revenue decreased to $12.6 million in the first quarter of 1992 from $13.0 million in the first quarter of 1991, and was relatively flat compared to $12.7 million in the fourth quarter of 1991. The number of units sold in the first quarter of 1992 was higher than in the first quarter of 1991, however, the average sales price was lower due to increased competition, sales of lower priced products, and price reductions implemented to phase out certain mature products, as the Company began shipping five new products in March 1992. International revenue decreased to 37 percent of revenue as compared to 53 percent in the first quarter of 1991. This is primarily due to reduced sales of product to Minnesota Mining and Manufacturing Company (3M) for resale under the 3M label worldwide which represented approximately 8 percent of revenue in the first quarter of 1992, as compared to 26 percent in the corresponding period of 1991. The Company expects sales to 3M to fluctuate based on the product mix offered under the 3M label. However, the Company expects sales to 3M to remain at a lower percentage of revenue as compared to 1991, as the Company increases its brand name product sales.

Gross profit, as a percentage of revenue, decreased to 36 percent in the first quarter of 1992 from 47 percent in the first quarter of 1991, due to lower average sales prices discussed previously. Although fluctuations in gross margin will occur as product mix changes in the future, the Company does not expect to achieve the 1991 gross margin levels primarily due to pricing pressure from increased competition.

Marketing and sales expense increased to $2.3 million (18 percent of revenue) in the first quarter of 1992 from $1.7 million (13 percent of revenue) in the first quarter of 1991. The increase in expenses is primarily attributable to advertising, marketing collateral and trade show expenses related to new product introductions in March 1992 and expenses related to the European sales and marketing office which was opened in the second quarter of 1991.

Engineering expense increased to $1.0 million (8 percent of revenue) in the first quarter of 1992 from $0.7 million (5 percent of revenue) in the first quarter of 1991. The increase was due to prototype materials and salary expense related to the development of the new products introduced in March 1992.

General and administrative expense of $0.7 million in the first quarter of 1992 consists of operating expense of $1.1 million offset by the reversal of $0.4 million of legal expenses accrued prior to settlement of the patent infringement litigation in March 1992 (see Note 3 of Notes to Consolidated Financial Statements). General and administrative expense, without the effect of the reversal, of $1.1 million (9 percent of revenue) in the first quarter of 1992 increased from $0.8 million (6 percent of revenue) in the first quarter of 1991. The increase is attributable to recruiting expenses related to the hiring of three new executives and additional costs due to increased personnel.

Interest income decreased in the first quarter of 1992 from the first quarter of 1991, as a result of lower rates of return on cash equivalents and investments.

Income taxes are based on an estimated rate of approximately 25 percent which has decreased from 34 percent in the first quarter of 1991 and 29 percent for the year ended December 31, 1991, primarily due to the sustained level of benefit from the research and development tax credit on a relatively lower income before taxes.

Liquidity and Capital Resources

At March 31, 1992 working capital was $32.2 million, including $4.2 million of cash and cash equivalents and $16.9 million of investments. In the first quarter of 1992, working capital increased by $0.9 million and the current ratio decreased to 4.9:1 from 5.2:1.

Cash and cash equivalents decreased $10.9 million primarily due to the net purchase of $9.3 million of investments which are not classified as cash and cash equivalents, and the $1.7 million of cash used in operating activities.

Inventories increased $3.0 million as a result of increased material requirements of the five new products added to the Company's product line in the first quarter and the build up of inventory in anticipation of increased sales from the new products. Accounts payable increased $1.4 million primarily due to the increased inventory purchases. The decrease in other current liabilities was related to the reversal of the reserve for potential legal expenses related to the Proxima litigation (see Note 3 of Notes to Consolidated Financial Statements).

The Company's financial requirements, including both short- and long-term cash needs, are expected to be met from existing cash balances, cash flow from operations and funds available under credit and capital lease facilities.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In Focus Systems, Inc. (the "Registrant") and Proxima Corporation ("Proxima") have entered into a settlement agreement resolving all claims in a suit pending in the United States District Court for the Southern District of California. This suit was originally filed by the Registrant in May 1990 and sought to recover damages from Proxima for infringement of the Registrant's color display system patent. Proxima denied the Registrant's claim of infringement and brought counterclaims against the Registrant alleging invalidity of the Registrant's patent, unfair competition and violation of the federal antitrust laws.

Under the terms of the settlement agreement announced on March 31, 1992, the Registrant and Proxima have each granted the other a nonexclusive license under certain of their respective color display technology patents. The parties have agreed to keep all other terms of the settlement confidential.

See also Note 3 of Notes to Consolidated Financial Statements.

Item 4. Submission of Matters to a Vote of Security Holders

The annual meeting of the shareholders of the Company was held on April 23, 1992 at which the following actions were taken:

1. A majority of the shareholders elected the four nominees for director to the Board of Directors of the Company. The four directors elected were Steven R. Hix, Paul E. Gulick, John R. Dougery, and John V. Harker.

2. The shareholders approved the appointment of Arthur Andersen & Co. as the independent auditors of the Company for the year ending December 31, 1992 (5,613,992 shares were voted affirmatively, 10,270 shares were voted negatively and 13,503 shares abstained from voting).

3. The shareholders approved an amendment to the Company's Combination Stock Option Plan to increase the aggregate number of shares of common stock that may be issued thereunder to 3,000,000 shares (4,333,399 shares were voted affirmatively, 323,626 shares were voted negatively and 26,982 shares abstained from voting).

Item 6. Exhibits and Reports on Form 8-K

A report on Form 8-K was filed March 23, 1992 disclosing the hiring of John V. Harker as President and Chief Executive Officer. No other reports on Form 8-K were filed during the quarter ended March 31, 1992.

The exhibits filed as a part of this report are listed below.

Exhibit No.	
11	Calculations of Net Income Per Share
20	Quarterly Report to Shareholders - Quarter ended March 31, 1992

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date May 13, 1992

IN FOCUS SYSTEMS, INC.

John Y. Harker
Chief Executive Officer

Joseph J. Martin
Vice President, Finance and
Administration (Principal Financial
and Accounting Officer)

IN FOCUS SYSTEMS, INC. Exhibit 11

CALCULATIONS OF NET INCOME PER SHARE

	Three Months Ended March 31, 1992 (1)	Three Months Ended March 31, 1991 (2)	
		Primary	Fully Diluted
Actual weighted average shares outstanding for the period	7,743,221	7,586,363	7,586,363
Dilutive common stock options using the treasury stock method	1,188,888	1,397,359	1,436,486
Total shares used in per share calculations	8,932,109	8,983,722	9,022,849
Net income	$ 630,086	$2,110,337	$2,110,337
Net income per share	$.07	$.23	$.23

(1) Fully diluted earnings per share is the same as primary earnings per share, because the average market price was higher than the ending market price per share of the Company's common stock.

(2) Fully diluted earnings per share is not disclosed on the consolidated statement of operations since it is not more than three percent different from primary earnings per share.

Exhibit 20

Quarterly Report to Shareholders

Quarter ended March 31, 1992

to our shareholders:

The first quarter of 1992 was very exciting for In Focus, and culminated with the successful completion of a very aggressive product development program. This ambitious program resulted in the release and shipment of five new products which enables us to blanket the LCD projection market in terms of price, functionality and performance.

From a financial perspective, the operating results for the quarter were as anticipated. The quarter was one of transition, and compared to first quarter 1991, lower revenue and earnings were expected, as several mature products were phased out and new products introduced. Revenue was $12.6 million, slightly less than the $13.0 million in the first quarter of last year. Net income was $0.6 million ($.07 per share) compared to $2.1 million ($.23 per share) in the first quarter of 1991.

We are optimistic that all of these new products now being shipped will make a significant contribution to revenue and earnings for the remainder of 1992. The new products include:

- the 160001, a low-cost monochrome LCD projection panel with mouse-speed response rate, used primarily for classroom education and cost conscious business presentations,
- the 7000FX+, a 24,000-color passive matrix projection panel with mouse-speed response rate, used primarily for business presentations,
- the TVT-3000, an active matrix projection panel with 262,144 colors, which can project animation and video for multimedia presentations,
- the TVT-6000, our first active matrix self-contained multimedia video projector, used for multimedia presentations and video training, and
- the 760001A, the industry's first very high resolution (1024 x 768) passive matrix projection panel for use in high resolution software and hardware development and in work group computing involving sophisticated imaging.

Our goal is to provide the industry's broadest LCD projection product line. With the introduction of the five new products, we have met that goal. Our product strategy is to use our proprietary

passive matrix technology whenever possible, but to use other technologies as required, in order to address specific market demands.

The two active matrix products recently introduced caused some customers and shareholders to ask if we were departing from our proprietary passive matrix technology. The answer is absolutely not. Our new active matrix products meet particular market needs now. Our long-term strategy is to continue to improve passive matrix technology, so that it will have the same performance as active matrix, and have the lowest cost.

Our challenge is to increase the speed of passive matrix LCDs while maintaining high contrast. To that end, in this first quarter, we announced a technology breakthrough called "Active Addressing," which allows a passive matrix LCD to achieve full motion video speed with high contrast. We currently have prototypes working in our research lab, and products incorporating this technology are expected to be introduced in 1993. This new technology should allow us to significantly improve the performance of future passive matrix LCD products, and therefore, increase the market penetration of our proprietary technology.

In March, we settled the patent infringement litigation that had been pending with Proxima Corporation. As you may recall, in May 1990 we sued Proxima Corporation for patent infringement of our color patents and Proxima responded by filing counter claims with assertions including patent misuse and violations of antitrust laws. We are satisfied with the outcome of the settlement and pleased we no longer have to commit valuable corporate resources to this matter.

A major new distribution agreement was signed in the first quarter which expands our international distribution channel. Under the terms of this agreement, Barco nv, a Belgian manufacturer and distributor of video projection systems, will sell private-label In Focus Systems' color LCD projectors under the product names Barco 2030 and 2030 in Europe and other markets outside North America.

On April 1, I joined the Company as President and Chief Executive Officer. Steve Hix will continue to be actively involved with the company as Chairman of the Board and will remain responsible for technology and product planning and development of long-range corporate strategy. I am excited about In Focus and our prospects for the future, and I look forward to working with Steve as we take on the challenges ahead.

John V Harker
President and Chief Executive Officer

In Focus Systems, Inc. consolidated statements of operations

Three months ended March 31,	*1992*	*1991*
	(Unaudited)	*(Unaudited)*
Revenue	$ 12,605,536	$ 13,041,011
Cost of sales	8,030,510	6,950,951
Gross profit	4,575,026	6,090,060
Operating expenses:		
Marketing and sales	2,276,209	1,726,993
Engineering	1,025,686	711,725
General and administrative	728,767	772,838
	4,030,662	3,911,556
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Net income per share	$ .07	$ .23
Shares used in per share calculations	8,932,109	8,985,722

Ai Fluent Systems, Inc. **consolidated balance sheets**

	March 31, 1992	*December 31, 1991*
Assets	*(Unaudited)*	
Current assets:		
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Retained earnings	8,992,926	8,362,840
	34,429,827	33,441,226
	$ 42,974,524	$ 41,322,538